cent. It can easily be understood that no enterprises could possibly bear the burden of such interests, and that if foreign capital was to be excluded it would be necessary to have recourse to artificial encouragements in order to create and foster the industries it was contemplated to set up. Protection in its extremest form, therefore, was resorted to, and a tariff wall, the highest in Europe, was erected to protect the budding of these hot-house industries. In order to start a new industry the theoretical case for Protection is admittedly strong. Temporarily the new industry needs help, and eventually the country as a whole may gain from its creation, though in the meantime it has to bear the burden. The immediate effect is to increase the costs of the various articles produced locally to an extent that places them beyond the reach of a poor community such as the rural population of Rumania. The repercussion of an increase in the costs of articles required by the agrarian population naturally causes a rise in the costs of production of agricultural produce, which renders less easy its marketing in neutral markets in which the Rumanian peasant can neither enjoy nor demand the favour of a protective duty. So that eventually protection has proved an arm which has turned against him. In the case of Rumania, most of the industries which have been created proved to be clearly detrimental to the State. Certainly the textile industries, which import the totality of their raw material in the form of yarn from abroad, confer no benefit except to their proprietors. The raw material is usually allowed free admission, or pays a very light duty, while the finished article is sold at a price corresponding to that of a similar foreign product on which a duty amounting to as much as 300 per cent is occasionally imposed. Almost the whole of the difference is pocketed by the manufacturer, and the native purchaser gets no benefit whatever. On the contrary, he usually gets an inferior home-made article at almost the same price as he would pay for a foreign one generally of better quality. In this arrangement the State is deprived of a very important source of revenue since it desists from collecting the tariff dues it would otherwise have received if, instead of raw materials imported free, foreign dutiable manufactured articles had been imported.

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not approved by the public may also be seen from the following excerpts culled from an article published by the same paper on May 15th, 1932: "There is a profound difference between industries which utilize local raw materials and such pseudo-industries which import from abroad semi-manufactured materials and finish them off in this country. . . . The importation of semi-manufactured goods is in the great majority of cases carried on solely to evade the Customs tariffs, and if we do not see things as they are, this is on account of private interests, for the sake of which we allow a prejudicial system to continue to function. . . ."

The *Argus*, too, several times attempted to call public attention to the nefarious results of the policy of bolstering ~~up~~ artificial industries, and especially in the case of the textile industry, on which it wrote as follows: "Why are clothing materials so costly? Because our protected textile industry sells its products at the same price as the goods imported from abroad. The encouragement given to the textile industry has resulted in increasing the cost of wearing apparel because industrialists are not content with a reasonable profit, and as a result a woollen suit to-day is a luxury. When our Custom tariff is to be revised the interests of industrialists alone should not be considered, but also those of the consumers."

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As one may infer from the above, this policy of industrialization was a wild scheme which materialized on a large scale, chiefly because various politicians had been directly interested in the manufacturing concerns which had been started.

The case of the paper industry may be cited as an example. All the paper mills belonged to or were controlled by friends or relatives of the Bratianus. In order to secure big profits an import duty of 50 per cent was placed on paper, creating thereby a virtual monopoly of the paper trade on behalf of the owners of the mills. As they could dictate their will to the Chamber, the high duty was maintained in spite of the protest of the Opposition. For not only the public at large suffered by the high price of such an essential commodity as paper, but political interests were equally affected. Opposition parties had to pay high prices

for the paper necessary for their pamphlets and newspapers, while the Bratianus' Press organs naturally enjoyed preferential rates. Another deplorable result of this monopoly was the high cost of books. The same book published in Bulgaria cost about half as much as in Rumania, and this explains to some extent the high percentage of illiterates in the latter country, which according to the *Lupta* of May 18th, 1932 reached as high a percentage as 70 per cent of the total population. The creation of industries, the raw material of which is not indigenous, is likely in the long run to prove extremely wasteful. They are clearly of a parasitic nature, and their maintenance will not only continue to be a charge on the Revenue but is likely to continue to handicap very seriously Rumania's staple industry, agriculture. The initial costs of installation are necessarily high, for foreign experts have to be called in to set up the machinery, supervise, and train the native workpeople, since there is a lack of experienced workmen. Moreover the stringency of monetary resources and the high rates of interest ruling necessitate a high return on capital that can be secured only by selling the manufactured article at the highest possible price, a level which is usually fixed by the cost of the corresponding foreign article, on which a heavy duty has been imposed. The high prices will forcibly curtail output since the latter is adjusted to the capacity of the local market, the possibilities of which are restrained owing to the low buying power of the peasantry. The more consumption is reduced the more manufacturers will endeavour to recoup themselves by further raising their prices, which can be attained only by increasing the protective duty. Thus a vicious circle is created, to the great disadvantage of the peasantry, who constitute 80 per cent of the population and who have to defray in the same proportion the expenses of these experimental attempts to industrialize Rumania. It is obvious that the high prices paid by the peasantry for manufactured articles affect adversely the cost of agricultural produce; even the transport rates of the latter stand high in order to compensate for the low preferential rates granted to local manufactures. One need not, therefore, be surprised if Rumanian agriculturalists can no longer market their pro-